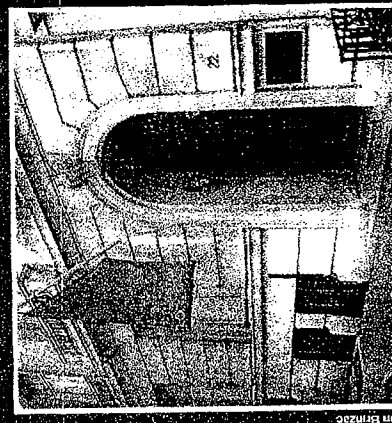


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Celebrity gallery big blasted by a storm of lawsuits for 'dirty deals'



EMBATTLED: This palazzo on East 71st Street is home to Salander-O'Reilly Galleries, a top art dealer.

By UNSAY POLLOCK and PHILIP BOROFF

Housed in a 25,000-square-foot palazzo off Madison Avenue, Salander-O'Reilly Galleries bills itself as a top-flight New York dealer that offers unprecedented access outside of a museum to Titians, Michelangelos and other masterpieces.

Roy Lennox, a senior managing director of hedge-fund company Caxton Associates, which manages more than \$14 billion, puts it differently. During four years dealing with proprietor Lawrence Salander, Lennox claims he was a victim of "what has emerged as nothing more than an illegal Ponzi scheme," according to a lawsuit he filed in August in New York State Supreme Court.

Lennox seeks to recover at least \$46 million and \$10 million in punitive damages.

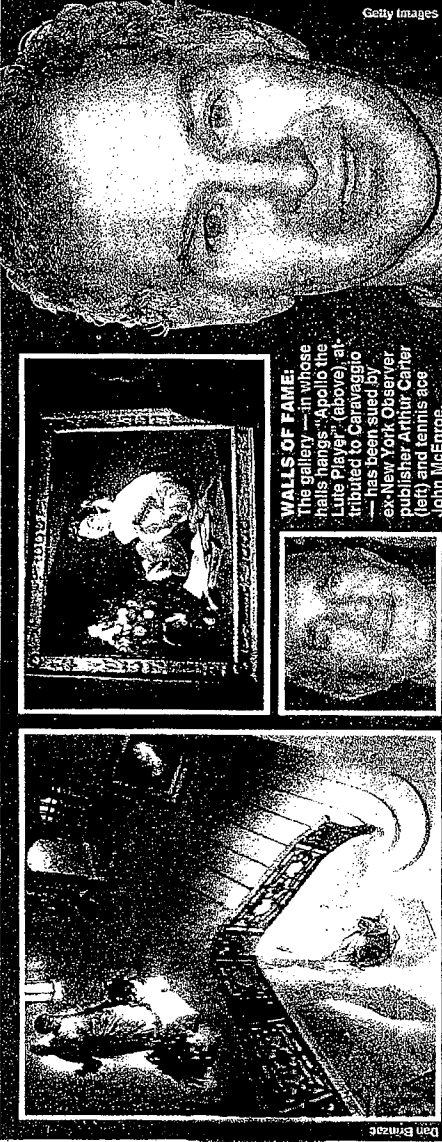
Salander-O'Reilly says in a May suit that Salander didn't make good on a promise to double the tennis star's \$162,500 investment in five months. Former New York Observer publisher Arthur Carter filed an August suit seeking more than \$1.2 million for funds he says he's owed.

Anthony Doniger, a Salander lawyer, said in an April court appearance regarding one suit that the dealer "has a liquidity crisis, there's no question about it."

At least 15 lawsuits have been filed against the 31-year-old gallery in the past year, many of them naming Salander himself as a defendant.

The madison is the kind of dealers who are concerned that the accusations could erode confidence in the art market.

A 'SCAM ARTIST'



WALLS OF FAME: This gallery — in whose halls hangs "Apollo the Lute Player" (above), attributed to Caravaggio — has been sued by ex-New York Observer publisher Arthur Carter (left) and tennis ace John McEnroe.

Salander-O'Reilly's next show, "Masterpieces of Art: Five Centuries of Painting and Sculpture," opens Oct. 17. It has the highest names in Old Master art: a Michelangelo, a Raphael, a Titian, a Caravaggio, and a Raphael tapestry.

Caravaggio will be represented by six paintings. "Apollo the Lute Player," whose attribution is the subject of heated debate among scholars, can be had for about \$100 million, Salander said.

Salander said he plans to vacate the mansion at year's end.

"If I make \$100 million on this show, or nothing, I've done my last show here," he said. "I'm going out on a very high note."

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